

The opinion in support of the decision being entered today is not binding precedent of the Board.

Paper 68

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UNITED STATES PATENT AND TRADEMARK OFFICE

BEFORE THE BOARD OF PATENT APPEALS
AND INTERFERENCES

MYUN KI HAN, S. PAUL LEE
and JACK G. CHIRKJIAN,

Junior Party,
(Application 09/069,847),

v.

KENNETH J. LIVAK, SUSAN J.A. FLOOD
and JEFFREY MARMARO,

Senior Party
(Patent 5,538,848).

Patent Interference 104,670 (CAS)

Before: McKELVEY, Senior Administrative Patent Judge, and
SPIEGEL and GARDNER-LANE, Administrative Patent Judges.

McKELVEY, Senior Administrative Patent Judge.

FINAL DECISION

In this interference, Livak successfully dodged an attack on its patent. However, Livak declines to quietly walk away happy that its patent is still intact. Instead, Livak invites us to look into allegations that certain claims in the Han application are unpatentable. Livak further invites us to take other action

which presumably would make it harder for Han to obtain a patent. We decline both invitations.

A. Findings of fact

1. There came a time when the Director of the U.S. Patent and Trademark Office ("Director"), through the Board of Patent Appeals and Interferences ("board"), was of "the opinion" that claims 102-108 of Han application 09/069,847 "would interfere" with claims 1, 3, 14 and 24 of Livak patent 5,538,848.¹

2. Accordingly, an interference was declared between Han and Livak.²

3. As declared, the interference involved a single count.

4. The Han application contains claims 66-100 and 102-108. Only Han claims 102-108 were designated as corresponding to the count and therefore were "involved" in the interference within the meaning of 35 U.S.C. § 135(a).

5. The Livak patent contains claims 1-24. Only Livak claims 1, 3, 14 and 24 were designated as corresponding to the count and therefore were involved in the interference.

6. At the time it was initially declared, one possible outcome of the interference was that Livak claims 1, 3,

¹ "Whenever an application is made for a patent which, in **the opinion** of the Director, **would interfere** *** with any unexpired patent, an interference may be declared ***." 35 U.S.C. § 135(a) (**bold** added).

² An interference is declared on behalf of the Director at the board by an administrative patent judge. 37 CFR § 1.610(a).

14 and 24 might be cancelled if Livak lost on the issue of priority. 35 U.S.C. § 135(a).

7. Accordingly, Livak had a reason to seek to avoid an interference with Han.

8. In an attempt to avoid the interference, Livak filed Livak Preliminary Motion 2 (Paper 29) seeking entry of a judgment that there is no "interference-in-fact" between (1) Han claims 102-108 and (2) Livak claims 1, 3, 14 or 24.

9. Livak Preliminary Motion 1 further sought entry of a judgment that involved Han claims 102-108 are unpatentable under 35 U.S.C. § 135(b) (Paper 28). Livak bottomed Livak Preliminary Motion 1 on the proposition that Han did not timely present a claim to the same or substantially the same invention as the invention defined by the involved Livak patent claims. Han opposed (Paper 34) and Livak filed a reply (Paper 45).

10. Sometime after preliminary motions had been filed, Livak found it convenient to file Livak Miscellaneous Motion 1 seeking to "strike" a preliminary statement filed by Han "or otherwise confine" Han to its effective filing date" (Paper 55, page 1).

11. In due course, a Trial Section 3-judge motions panel considered Livak Preliminary Motion 2.

12. The 3-judge motions panel, agreeing with Livak, granted Livak Preliminary Motion 2 holding that indeed there is no "interference-in-fact" between (1) Han claims 102-108 and (2) Livak claims 1, 3, 14 and 24 (Paper 60, page 26). Since no

other Han or Livak claims were involved in the interference, a judgment that there is no interference-in-fact became appropriate.

13. An order (Paper 61) was entered requiring the parties to show cause why the interference "should not be terminated with a judgment that there is no interference-in-fact". The purpose of the order to show cause was to invite the parties to explain to the board why it should consider any other motion filed by the parties, including Livak Preliminary Motion 1 and Livak Miscellaneous Motion 1.

14. Livak accepted the invitation by timely filing a response (Paper 62). As one might expect, Livak was in full agreement that any final decision should include a judgment terminating the interference on the basis of a lack of an interference-in-fact. However, Livak also requested that the board decide on the merits Livak Preliminary Motion 1 and Livak Miscellaneous Motion 1. Relying on Federal Circuit³ and board precedent,⁴ Livak maintains that the board has no discretion in the matter and must decide both of the Livak motions.

15. Han initially did not accept the board's invitation.

³ Perkins v. Kwon, 886 F.2d 325, 12 USPQ2d 1308 (Fed. Cir. 1989), and Schulze v. Green, 136 F.3d 786, 45 USPQ2d 1769 (Fed. Cir. 1998).

⁴ Gustavsson v. Valentini, 25 USPQ2d 1401 (Bd. Pat. App. & Int. 1991), and Fiddes v. Baird, 30 USPQ2d 1481 (Bd. Pat. App. and Int. 1993).

16. Wishing to have Han's views, an order (Paper 64) was entered inviting Han to reply to Livak's response to the order to show cause (Paper 61).

17. This time Han accepted the invitation and filed a reply setting out its views (Paper 65).

B. Discussion

1. Introduction

The issue raised by (1) the order to show cause, (2) Livak's response and (3) Han's reply is significant to the administration of interference cases before the board.

We take this opportunity to explain in some detail why we think it is appropriate, in this case, to exercise discretion by declining to consider on the merits both (1) Livak Preliminary Motion 1 and (2) Livak Miscellaneous Motion 1.

2. Need for interferences

Interferences exist for only two related reasons.

The first reason arises when the Director finds that two applicants claim the same patentable invention. Since, the United States has a first-to-invent system, the Director needs a vehicle for determining which of the two applicants first made the invention. The vehicle is an interference proceeding before the board under 35 U.S.C. § 135(a). The interference proceeding generally determines who is not entitled to a patent to claims involved in the interference and the Director is then in a

position to determine whether to issue a patent to the party who did not lose the interference.

A second reason, which is similar to the first reason, arises when the Director finds that an applicant claims the same patentable invention as a patentee owning an "unexpired" patent. Since two patents are not issued for the same patentable invention, the Director needs a vehicle to determine whether the applicant or the patentee first made the invention. Again, that vehicle is an interference before the board under 35 U.S.C. § 135(a). If the applicant loses the interference, its involved claims stand rejected by the agency. Id. On the other hand, if the patentee loses, its involved claims are cancelled and the Director may issue a patent to the applicant. Id.

3. Initiating (i.e., declaring) an interference

The triggering mechanism for initiating (i.e., declaring,) an interference is the formation of an opinion by the Director that (1) the claims of two applications or (2) the claims of an application and an unexpired patent "interfere". In the words of 35 U.S.C. § 135(a) (emphasis added):

Whenever an application is made for a patent which in the opinion of the Director, would interfere with any pending application, or with any unexpired patent, an interference may be declared ***.

How does the "Director" become of "the opinion" that claims of different parties "interfere"? First, an examiner must

determine that two parties are claiming the same patentable invention. 37 CFR § 1.603; 37 CFR § 1.606. If the examiner makes the determination, then files and other useful information are forwarded to the board for review. If an administrative patent judge agrees that an interference is necessary, the requisite "opinion" exists and an interference is declared by the administrative patent judge. 37 CFR § 1.610(a). A notice declaring interference is entered and forwarded to the parties. The order declaring an interference is an interlocutory order which is presumed to be correct. 37 CFR § 1.655(a).

4. Reconsidering whether interference is needed

At least initially, the "opinion" that claims of different parties "interfere" is made ex parte. In the case where an applicant attempts to institute an interference with a patent, neither an examiner nor the board seeks input from the patentee as to whether an interference should be declared. Thus, the first opportunity for a patentee to express any views on whether the Director should have been of the opinion that the claims of an application and the claims of its patent interfere is after the interference is declared.

The rules recognize that the "opinion" of the Director, made through the board, is based on having heard but one side of

the story.⁵ The rules therefore authorize the filing of a preliminary motion for judgment of no interference-in-fact to test whether an interference exists. 37 CFR § 1.633(b). The rules define an interference-in-fact (37 CFR § 1.601(j)) (emphasis in original):

An interference-in-fact exists when at least one claim of a party that is designated to correspond to a count and at least one claim of an opponent that is designated to correspond to the count define the same patentable invention.

The rules also define "the same patentable invention" (37 CFR § 1.601(n)):

Invention "A" is the same patentable invention as an invention "B" when invention "A" is the same as (35 U.S.C. 102) or is obvious (35 U.S.C. 103) in view of invention "B" assuming invention "B" is prior art with respect to invention "A". Invention "A" is a separate patentable invention with respect to invention "B" when invention "A" is new (35 U.S.C. 102) and non-obvious (35 U.S.C. 103) in view of invention "B" assuming invention "B" is prior art with respect to invention "A".

A party seeking to establish that there is no interference-in-fact has the burden of proof (37 CFR § 1.637(a)). As applied to the facts of this case, Livak was under a burden to establish

⁵ Binding and other precedent reveals that a decision made ex parte is not binding in a subsequent inter partes interference proceeding. Sze v. Bloch, 458 F.2d 137, 173 USPQ 498 (CCPA 1972); Switzer v. Sockman, 333 F.2d 935, 142 USPQ 226 (CCPA 1964); Turchan v. Bailey Meter Co., 167 F. Supp. 58, 63-64, 119 USPQ 165, 169 (D. Del. 1958).

that the subject matter of its claims designated as corresponding to the count (Livak claims 1, 3, 14 and 24) does not anticipate (35 U.S.C. § 102) or render obvious (35 U.S.C. § 103) the subject matter of any Han claim that is designated as corresponding to the count (Han claims 102-108). For this purpose, the subject matter of Livak's claims are presumed to be prior art vis-a-vis Han. If the party establishes, as Livak has done in this case, that its patent claims do not interfere with the claims of its applicant opponent, what becomes apparent is that the Director no longer needs to conduct an interference to determine whether a patent can be issued to the applicant. Why? Because, the subject matter of the patentee's claims neither anticipates nor renders obvious the subject matter claimed by the applicant even if it is assumed that the patentee made its invention first. The patent no longer constitutes an impediment to granting a patent to applicant. Cf. Case v. CPC International, Inc., 730 F.2d 745, 749, 221 USPQ 196, 200 (Fed. Cir. 1984) (no interference-in-fact means that there is no interfering subject matter and that Case's patent is no impediment to granting CPC the claims of its application).⁶

⁶ Judicial review of "no interference-in-fact" issues has been relatively rare. In Aelony v. Arni, 547 F.2d 566, 192 USPQ 486 (CCPA 1977), the CCPA held that the board correctly determined that an interference-in-fact existed notwithstanding the fact that there was no "overlapping" claimed subject matter. Thus, an interference-in-fact was held to exist between a claim to a method of using cyclopentadiene and a claim to a method using butadiene, isoprene, dimethylbutadiene, piperylene, anthracene, perylene, furan and sorbic acid. In Nitz v. Ehrenreich, 537 F.2d 539, 190 USPQ 413 (CCPA 1976), a two-count interference, the CCPA held that there was an interference-in-fact as to one count but not as to a second count.

What manifests itself through the procedural tool of 37 CFR § 1.633(b) is that the Director, through the board, offers a patentee an opportunity to present (1) evidence, including affidavit evidence subject to cross-examination by the applicant, and (2) views on the issue of whether the Director should have been of the opinion that claims "interfere". In short, 37 CFR § 1.633(b) offers a party an opportunity to request reconsideration of whether claims interfere.

5. Other issues which can be raised in interferences

In addition to authorizing a party to file a preliminary motion alleging no interference-in-fact, the rules authorize the parties to file other preliminary motions. One preliminary motion authorized by the rules is a preliminary motion for judgment against an opponent based on unpatentability. 37 CFR § 1.633(a). The preliminary motion may be based on any ground of patentability, including unpatentability under 35 U.S.C. § 135(b).

In this particular interference, in addition to filing Livak Preliminary Motion 2 seeking a judgment of no interference-in-fact, Livak also filed Livak Preliminary Motion 1 seeking judgment against Han based on an alleged failure to comply with 35 U.S.C. § 135(b). Notwithstanding that there is no interference-in-fact, Livak wants its preliminary motion for judgment and its miscellaneous motion decided. Han does not. Hence, the issue before the board is what to do with the Livak

motions. Must they be decided on the merits or does the board have discretion to dismiss them?

6. The board has discretion to dismiss the motions

a.

Section 135(a), on its face, would appear to give the board discretion on whether it may decide a patentability issue in an interference (**bold** added):

The Board of Patent Appeals and Interferences **shall** determine questions of priority of the inventions and **may** determine questions of patentability.

If priority and patentability are to be determined in an interference, only the board has jurisdiction to decide those issues. See 35 U.S.C. § 6(b), which allocates jurisdiction over some matters in the Director and jurisdiction in other matters in the board.

Section 135(a), of course, presupposes that an interference exists and priority of invention is in need of resolution. Once the board determines that there is no interference-in-fact, then (1) the Director is no longer of the opinion that claims interfere and (2) an interference is no longer needed for the Director, through a patent examiner, to accomplish any further ex parte examination of any application involved in the interference.

Based on too broad a reading of dicta in the Federal Circuit's decision in Perkins v. Kwon, 886 F.2d 325, 12 USPQ2d

1308 (Fed. Cir. 1989), parties involved in interferences, including now Livak, have continually told us that we have to decide patentability when it (1) is raised, (2) fully briefed and (3) evidence has been submitted.

Section § 135(a) itself says that the board "may" determine questions of patentability. A review of legislative activity leading up to the 1984 amendment⁷ to § 135(a) should convincingly demonstrate that "may" does not mean "shall".

H.R. 6286, 98th Cong., 2d Sess., § 202 (Sept. 20, 1984), as introduced by then Congressman Kastenmeier, sought to amend § 135(a) and provided that "The Board of Patent Appeals and Interferences shall determine questions of priority of the inventions and may determine questions of patentability." (Emphasis added). On the other hand, S. 1538, 98th Cong., 2d Sess., § 14(a) (Calendar No. 1016) (June 23, 1983), as introduced by then Senator Mathias,⁸ also sought to amend § 135(a) and provided that "The Board of Patent Appeals and Interferences shall determine the priority and patentability of invention in interferences." (Emphasis added). A similar provision appeared in S. 1535, 98th Cong., 1st Sess., § 19(a) (Calendar No. 1330) (June 23, 1983).⁹ Ultimately, the House, as opposed to the Senate, version of the amendment to § 135(a) became law.

⁷ Patent Law Amendments Act of 1984, Pub. L. No. 98-622, §§ 201-207, 98 Stat. 3383, 3386-89 (1984).

⁸ Reported by Senator Thurmond on June 26, 1984.

⁹ Reported by Senator Thurmond on October 5, 1984.

b.

According to Livak, Perkins v. Kwon, 886 F.2d 325, 12 USPQ2d 1308 (Fed. Cir. 1989), precludes our exercise of discretion to decline to consider Livak Preliminary Motion 1. We disagree.

Perkins involved an interference between (1) patentee Perkins and (2) applicant Kwon. Before the board, Perkins filed a preliminary motion for judgment seeking entry of an order that all of Kwon's claims corresponding to the count were unpatentable over the prior art. At final hearing, the board determined on the evidence that Kwon was the first inventor. Hence, Perkins was not entitled to a patent to its claims involved in the interference. 35 U.S.C. § 102(g). The board also determined on the evidence that the Kwon claims corresponding to the count were unpatentable over the prior art.

Patentee Perkins was dissatisfied with the board's determination that it should lose on the issue of priority. According to patentee Perkins, once the board determined that applicant Kwon's claims were unpatentable over the prior art, the board should not have reached priority. The board disagreed and on appeal the Federal Circuit affirmed.

The Federal Circuit held "that issues of patentability and priority that have been fully developed before the Board should be resolved by the Board." 886 F.2d at 328, 12 USPQ2d at 1311. The Federal Circuit went on to note that "[t]he legislative history *** shows that Congress intended that if patentability is

fairly placed at issue in the [interference] proceeding, it will be determined [by the board]." Id. In dicta, the Federal Circuit further stated that "[t]he word 'may' in § 135(a) accommodates the situation when patentability is not placed at issue during the priority contest, but it would contradict the remedial purpose of the legislation if the Board could refuse to decide questions of patentability for which there had been adduced an appropriate record." Id.

The facts in this case differ in significant respects from the facts in Perkins. To be sure, a similarity is that the issue of whether Han timely presented claims within the meaning of 35 U.S.C. § 135(b) can be said to have been "fairly raised" within the meaning of Perkins. Livak filed a preliminary motion raising a patentability issue, Han opposed and Livak replied; evidence was presented.

A significant difference, however, is that here there is no interference-in-fact. In Perkins, on the other hand, patentee Perkins and applicant Kwon were claiming, and had an interest in, what had been determined to be the same patentable invention, a matter never questioned in the interference by either Perkins or Kwon. Thus, while there was an interference-in-fact in Perkins, it turned out the invention was not patentable to either party.

In this interference, it has been determined inter partes that the parties are not claiming the same patentable invention. An interference is no longer needed because, given the 3-judge motions panel's determination with respect to Livak Preliminary

Motion 2, the Livak patent is no longer an impediment to granting a patent to Han. At this point, having asked for and received a favorable ruling of no interference-in-fact, it is not apparent how Livak now has standing as a party under the patent law to seek to preclude issuance of a patent to Han containing Han claims 102-108. Livak is now nothing more than a third-party seeking to protest the grant of a patent to Han and is therefore not entitled to participate in an inter partes pre-grant opposition with respect to Han claims 102-108. Animal Legal Defense Fund v. Quigg, 932 F.2d 920, 936-37, 18 USPQ2d 1677, 1691 (Fed. Cir. 1991) (a third-party may not protest grant of a patent); Godtfredsen v. Banner, 503 F. Supp. 642, 207 USPQ 202 (D.D.C. 1980) (it is well-established in the patent system that an individual does not have standing to challenge the decision of the PTO to grant a patent to a third party).¹⁰

We have not overlooked the Federal Circuit's observation that "[t]he word 'may' in § 135(a) accommodates the situation when patentability is not placed at issue during the priority contest, but it would contradict the remedial purpose of the legislation if the Board could refuse to decide questions of patentability for which there had been adduced an appropriate record." Moreover, we follow the established rule of law "that, if a controlling precedent is determined to be on point, it must be followed." Hart v. Massanari, 266 F.3d 1155, 1172 (9th Cir.

¹⁰ Livak may take advantage of the provisions of 37 CFR § 1.291. Nothing in Rule 291 gives Livak standing to participate as a party in any protest proceeding before the examiner.

2001), approved in Symbol Technologies, Inc. v. Lemelson Medical, Education & Research Foundation, Limited Partnership, 277 F.3d 1361, 61 USPQ2d 1515 (Fed. Cir. 2002). Dicta, of course, is not precedent which must be followed. Cf. In re McGrew, 120 F.3d 1236, 43 USPQ2d 1632 (Fed. Cir. 1997); See also United States v. Crawley, 837 F.2d 291 (7th Cir. 1988), cited in McGrew, and King v. Erickson, 89 F.3d 1575, 1581 (Fed. Cir. 1996).

In our view, the Federal Circuit's observation is dicta to the extent that it would require the board to decide patentability in every instance merely because it can be said to have been "fairly raised" during the course of an interference. The Federal Circuit's observation was made in the context of the case before it and is dicta because in Perkins the board had decided both priority and patentability. Hence, the issue was not whether there might be circumstances where the board might not reach patentability, but whether the board in that case had authority under § 135(a) to reach patentability notwithstanding it had resolved priority. Perkins was not a case where there was no interference-in-fact. Just because a party manages to file a preliminary motion and evidence, thus "fairly raising" an issue, does not mean that it would always be appropriate to decide the issue where the underlying basis for the interference no longer exists.

Nitz v. Ehrenreich, 537 F.2d 539, 190 USPQ 413 (CCPA 1976), establishes the authority of the board to determine with respect to a count that there is no interference in fact. Upon a

determination that there is no interference in fact, the interference--at least as to the count and claims corresponding to that count--is over. No judgment of priority can be entered, because the Director cannot be of the opinion that claims of different parties "interfere". In Nitz with respect to Count 1, where no interference-in-fact was held to exist, the CCPA vacated the board's award of priority. 537 at 545, 190 USPQ at 418. Nothing in § 135(a), or the legislative history leading up to patentability being an issue which could be considered in an interference, converted an interference proceeding into a pre-grant opposition where a patentee can freely "oppose" the grant of a patent to an applicant where it turns out that there is no interference-in-fact. Accordingly, it is our view that under § 135(a) we "may" decline to consider on its merits an issue of patentability, albeit raised in an interference, when our ultimate determination is that there is no interference-in-fact. As applied to the facts of this case, we "may" properly exercise discretion to decline to consider on its merits Livak Preliminary Motion 1 and Livak Miscellaneous Motion 1 because at this point Livak is nothing more than a third-party protester vis-a-vis Han and a third-party traditionally has no standing to participate before the USPTO in an inter partes opposition to the grant of a patent to an applicant. Animal Legal Defense Fund and Godtfredsen v. Banner, supra.

c.

Livak also relies on Schulze v. Green, 136 F.3d 786, 45 USPQ2d 1769 (Fed. Cir. 1998). Schulze involved an interference between (1) applicant Schulze and (2) patentee Green. All of applicant Schulze's claims and all of patentee Green's claims were designated as corresponding to the count. Upon opening of preliminary statements in the interference, it became manifest that patentee Green could not prevail on priority. Applicant Schulze attempted to correct inventorship in the interference. 37 CFR § 1.634. Patentee Green filed a preliminary motion for judgment based on alleged unpatentability under 35 U.S.C. § 102(f). Ultimately, the board declined to decide whether the inventorship of the Schulze application was correct notwithstanding the fact that the issue had been fairly placed in issue. Instead, the board entered a judgment against Schulze. Schulze appealed contending that it was entitled to pursue its attempt to correct inventorship after ex parte proceedings resumed. Patentee Green disagreed and so did the Federal Circuit, holding that the issue of inventorship should be considered inter partes.

The Federal Circuit observed, citing the Manual of Patent Examining Procedure (MPEP), that the USPTO had implemented the intent of Congress in amending § 135(a) by noting that "[T]he object of the interference will be to resolve all controversies as to all interfering subject matter defined by one or more

counts."¹¹ The Federal Circuit also noted that in Wu v. Wang, 129 F.3d 1237, 1241, 44 USPQ2d 1641, 1644-45 (Fed. Cir. 1997), it had observed:

Despite having lost the right to his patent as a result of an adverse decision on patentability, Wang still had an interest in seeing that Wu was likewise not entitled to the subject matter of the interference, albeit on patentability, not priority grounds.

In Schulze and Wu, and for that matter Perkins, both parties were claiming, and had an interest in, the same patentable invention. In this interference, Livak and Han are not claiming the same patentable invention. Thus, for essentially the reasons given in connection with our discussion of Perkins, it follows that Schulze likewise would not compel us to decide patentability motions in an interference where it had been determined that there is no interference-in-fact. To use the words of Wu, there is no "subject matter of the interference". To use the words of the Notice of Final Rule, there are no "controversies as to all interfering subject matter defined by one or more counts" because there is no interfering subject matter.

d.

Livak calls our attention to two decisions of the board. Fiddes v. Baird, 30 USPQ2d 1481 (Bd. Pat. App. & Int. 1993),

¹¹ The material quoted from the MPEP comes directly from the Notice of Final Rule, Patent Interference Proceedings, 49 Fed. Reg. 48416 (col. 3) (Dec. 12, 1984) ("The object of the interference will be to resolve all controversies as to all interfering subject matter defined by one or more counts.").

involved an interference between (1) an application of Fiddes versus (2) an application of Baird. While it is somewhat difficult to determine from the opinion, it appears that Fiddes claims 43-46, 50-54 and 57-69 and Baird claims 11-12 and 23-28 were designated as corresponding to a count. Thus, the noted claims were "involved" in the interference within the meaning of 35 U.S.C. § 135(a).

Fiddes filed a preliminary motion seeking judgment against Baird claims 11-21, 23-25 and 27 as being unpatentable under 35 U.S.C. §§ 102(b) and 103. 37 CFR § 1.633(a). Fiddes also filed a preliminary motion seeking entry of a judgment of no interference-in-fact. 37 CFR § 1.633(b).

Upon consideration of the Fiddes preliminary motion for judgment based on the prior art, the board held that all of Baird's claims were unpatentable except for Baird claims 26 and 28. The board then took up the issue of whether there was an interference-in-fact. "We now turn to the parties' claims to determine whether [the subject matter of] Fiddes' claims 43 to 46, 50 to 54 and 57 to 69 *** [is] new and nonobvious over [the subject matter of] Baird's claims 11 to 21 and 23 to 28, assuming that [the subject matter of] Baird's claims *** [is] prior with respect to Fiddes' claims." 30 USPQ2d at 1485, col. 1. The board held that there was no interference-in-fact.

The board considered patentability notwithstanding there was no interference-in-fact. However, a close review of the facts would show that the board properly exercised discretion to

consider the patentability of Baird claims 11-21, 23-25 and 27 prior to determining whether there was an interference-in-fact between (1) the patentable Fiddes claims and (2) patentable Baird claims 26 and 28. We disagree with the Fiddes panel to the extent that it considered the subject matter of unpatentable Baird claims 11-21, 23-25 and 27 in its determination of whether there was an interference-in-fact between the "involved" Fiddes and patentable Baird claims 26 and 28. What manifests itself from the discussion of the no interference-in-fact issue is that the panel felt that there was no interference-in-fact between any Fiddes claim and any Baird claim. The significant determination, insofar as the board's "judgment" was concerned, however, is that there was no interference-in-fact between (1) patentable Fiddes claims 43 to 46, 50 to 54 and 57 to 69 and (2) patentable Baird claims 26 and 28. The rationale in support of the panel's no interference-in-fact determination applies to Baird claims 26 and 28.

Fiddes v. Baird illustrates a situation where the board exercised discretion by determining unpatentability so that it could properly determine how to resolve a no interference-in-fact issue which had been properly presented to it. In the interference before us, it was not necessary to determine whether any Han claim was unpatentable before making a proper no interference-in-fact analysis.

e.

Livak also relies on Gustavsson v. Valentini, 25 USPQ2d 1401 (Bd. Pat. App. & Int. 1991). Gustavsson, which did not involve a no interference-in-fact issue, was an interference between (1) claims 1-17 of a Gustavsson patent versus (2) a Valentini application. Gustavsson filed a preliminary motion for judgment (37 CFR § 1.633(a)) alleging that Valentini's involved claims did not comply with 35 U.S.C. § 135(b). The motion was granted. In the meantime, Valentini had filed numerous preliminary motions, identified as motions (1)-(9), attacking the claims of Gustavsson's involved patent. Gustavsson, however, argued that 35 U.S.C. § 135(b) "compels termination of this interference by entry of judgment against Valentini without consideration of these motions." 25 USPQ2d 1409, col. 2. However, the board determined, relying on Perkins, that an administrative patent judge should consider Valentini motions (1)-(9). According to the panel, "the possibility that the PTO, prior to declaring an interference, will fail to detect a deliberate violation of § 135(b) is outweighed by the greater public interest in having the PTO 'resolve administratively questions affecting patent validity that arise before [it].'" 25 USPQ2d 1412, col. 2. The panel held that it was "required by § 135(a) and Perkins to consider the merits of [Valentini] motions (1) and (3)-(5), which raise patentability issues ***." 25 USPQ2d at 1413, col. 2.

At this point in time, we need not address on its merits the correctness of what appears to be a per se rule announced by the panel in its Gustavsson opinion. Rather, we believe that a

subsequent and binding Federal Circuit event has overtaken the rationale upon which Gustavsson is based. The event was In re McGrew, 120 F.3d 1236, 43 USPQ2d 1632 (Fed. Cir. 1997), in which the Federal Circuit made it crystal clear that § 135(b) is a statute of repose. 120 F.3d at 1237, col. 2, 43 USPQ2d at 1634, col. 1. See also In re Berger, 279 F.3d 975, 61 USPQ2d 1523 (Fed. Cir. 2002). Section 135(b) cannot be much of a statute of repose if (1) an interference is inadvertently declared contrary to § 135(b), (2) a preliminary motion by a patentee for judgment based on § 135(b) against an applicant is granted, but (3) nevertheless the patentee's claims may be subject to an inter partes priority or patentability attack. Given the McGrew event, were Gustavsson being decided today, we believe that the result, should, and would, not be the same.

f.

As noted earlier, in dicta the Federal Circuit has stated that "[t]he word 'may' in § 135(a) accommodates the situation when patentability is not placed at issue during the priority contest, but it would contradict the remedial purpose of the legislation if the Board could refuse to decide questions of patentability for which there had been adduced an appropriate record." 886 F.2d at 328, 12 USPQ2d at 1311. We agree with the Federal Circuit's dicta observation. But, we respectfully suggest that there are other circumstances, consistent with the purpose of Congress' amendments to 35 U.S.C. § 135(a), and its

legislative history which would permit the board to properly exercise discretion by declining to consider a patentability issue inter partes--even if "fairly raised."

A principal problem with interference practice prior to the 1984 amendment to § 135(a) was that the then Board of Patent Interferences did not have jurisdiction over patentability based on the prior art. Glass v. DeRoo, 239 F.2d 402, 112 USPQ 62 (CCPA 1956) (patentability over prior art not ancillary to priority). Patentability could be raised in a pre-1985 interference. 37 CFR § 1.231(a)(1) (1984). An examiner (not the board) would determine patentability. 37 CFR § 1.231(d) (1984). If the examiner determined that an applicant's claims were unpatentable, the interference was "dissolved" and ex parte prosecution of the application was resumed. If at some later date, the applicant was able to establish ex parte that its claims were patentable, the interference was "reinstated." Under these circumstances, the opponent was held in limbo pending outcome of ex parte proceedings in which it had no right to participate, or for that matter to even monitor. See 1984 U.S.C.C.A.N. 5827, 5836-37 and Sze v. Bloch, 458 F.2d 137, 173 USPQ 498 (CCPA 1972), and Switzer v. Sockman, 333 F.2d 935, 142 USPQ 226 (CCPA 1964), cited therein. Hence, one purpose of the amendments to § 135(a) was to avoid ex parte consideration of a party's application "mid-way" through an interference while leaving the opponent in the dark and subject to future interference proceedings at some unknown time. Thus, a patentee

involved in a "dissolved" interference could never be certain when the interference might be "reinstated." A patent could therefore, in effect, be held hostage indefinitely.

The exercise of the "may" discretion vested by Congress in the board to determine when to decide patentability in an interference should be exercised consistent with the objective of Congress in amending § 135(a). Accordingly, and without attempting to set down rigid rules for all time and all cases, and as long as two parties are claiming the same patentable invention, we agree with the Federal Circuit's Perkins dicta that patentability generally should be decided--provided, of course, the issue is fairly,¹² timely¹³ and otherwise properly raised¹⁴ by the parties (37 CFR § 1.633(a)) or the board itself (37 CFR § 1.641).¹⁵

On the other hand, in a case like the one before us today, i.e., where there is no interference-in-fact, the problem Congress sought to overcome with the amendments to § 135(a) cannot, and does not, exist. Livak and Han claim separate patentable inventions. The Livak patent is no impediment to the

¹² By "fairly" we mean that a preliminary or miscellaneous motion was filed and served and that an opponent had an full opportunity to oppose the motion.

¹³ By "timely" we mean that the motion was filed at a time when the board had authorized motions to be filed. Thus, a party who files a preliminary motion before times are set for filing preliminary motions or after the time has expired for filing a preliminary motion has not "timely" filed the motion.

¹⁴ By "properly raised" we mean that the preliminary motion complies (1) procedurally with the rules and the requirements of the Trial Section's STANDING ORDER and (2) substantively with the requirements of law.

¹⁵ See In re Gartside, 203 F.3d 1305, 53 USPQ2d 1769 (Fed. Cir. 2000).

granting of a patent to Han. The Han application provides no basis for holding Livak's claims unpatentable. Thus, if there is some basis for rejecting claims in the Han application, and even if one assumes that Han somehow overcomes any rejection, the Livak patent cannot again be held hostage to events which might occur in any future ex parte prosecution of the Han application.

Prompt issuance of patents to patentable inventions is consistent with the public interest. In re Pritchard, 481 F.2d 1359, 179 USPQ 103 (CCPA 1972) (there is an obvious public interest in unnecessary postponement of the beginning of the running of the term of a patent resulting from an application in interference proceedings). Issuing a patent to Han as soon as possible assuming that Han, in fact, is entitled to a patent would therefore be in the public interest. There is no apparent reason, on the facts before us, why we should delay the day when ex parte prosecution of the Han application resumes just to let Livak oppose a grant of a patent to Han with respect to an invention which is not the same patentable invention as that claimed by Livak. We note that prompt action in terminating interferences, at least in the future, may obviate the need to grant patent term extension to patents resulting from examination of applications involved in interference. Lastly, we observe that Han no longer wants to be involved in the interference. Having been told that its claims do not interfere-in-fact with Livak claims, there is no apparent reason why Han should have to continue to pay the higher expenses involved in inter partes

proceedings compared to those associated with ex parte proceedings.

As indicated earlier, we decline to announce a rule as to how discretion might be exercised in all cases. Two situations in which it might be appropriate to decline consideration of other patentability or priority issues are where an applicant presents a claim and it turns out in an interference that the applicant does not comply with (1) 35 U.S.C. § 135(b) or (2) the written description requirement of the first paragraph of 35 U.S.C. § 112. We can decide how discretion should be exercised when, and if, we have before us an appropriate case.

C. Order

Upon consideration of the record, and for the reasons given, it is

ORDERED that Livak Preliminary Motion 1 and Livak Miscellaneous Motion 1 are dismissed.

FURTHER ORDERED, in view of the 3-judge motions panel decision holding that there is no interference-in-fact,¹⁶ that a final judgment is entered that there is no interference-in-fact between (1) Han claims 102-108 and (2) Livak claims 1, 3, 14 or 24.

¹⁶ This expanded panel has not considered or reconsidered the 3-judge motions panel's no interference-in-fact determination. The 3-judge motions panel's no interference-in-fact determination governs proceedings in this interference.

FURTHER ORDERED that the subject matter of Livak claims 1, 3, 14 and 24 is no impediment under the law to the issuance of a patent to Han.

FURTHER ORDERED that the subject matter of Han claims 102-108 is no basis for cancellation of Livak claims 1, 3, 14 or 24.

FURTHER ORDERED that if there is a settlement agreement between the parties, attention is directed to 35 U.S.C. § 135(c).

FURTHER ORDERED that the examiner's attention is directed to Paper 60, page 27 ("VI. Recommendation under 37 CFR § 1.659(a)), wherein the motions panel stated:.

[W]e recommend that upon resumption of ex parte prosecution, the examiner reject at least Han claims 102, 103 and 105-108 as unpatentable over Lee (Ex 1020) under 35 U.S.C. § 102. Specifically, the double stranded nucleic acid sequence of Han claim 102(i) is anticipated by the hybridized Lee probe. The examiner may also consider whether Han claims 102-108 fully satisfy the requirements of 35 U.S.C. § 112, first (enablement and written description) and second (definiteness) paragraphs.

_____)
FRED E. MCKELVEY, Senior)
Administrative Patent Judge)
_____)
_____)

CAROL A. SPIEGEL)	TRIAL SECTION
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)	BOARD OF PATENT
)	APPEALS AND
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